C9700-2-U

1983 B/CA Salary Survey

Our 10th annual compensation review reveals that, overall, salaries increased slightly this year. Perhaps that's to be expected as many companies are only now beginning to recover from the worst recession since World War II.

by David W. Almy

Seven flight departments among those that B/CA contacts on an annual basis did not survive the year that has passed since we last surveyed the financial health of U.S. corporate aviation personnel. The victims ranged from small, single-pilot operations for comparatively small family-owned businesses to large flight departments of multibillion-dollar multinational corporations. Financial hardship apparently knows no fiscal boundaries.

In particular, the oil exploration business and other petroleum-related industries have been hard hit. Traditional "smokestack" industrials and capital equipment manufacturers are also lagging in the recovery. One company with interests in both areas had halved the salaries of its flight department personnel during the last 12 months. Our survey also discovered several flight departments where severe flight curtailments were in effect and many chief pilots felt lucky to still have a job.

That's the bad news.

The good news is that most of the companies in the United States seem to be recovering from the recession and their flight departments do not seem to be far behind. What's more, the collective feeling among the flight department managers and chief pilots contacted was one of expectancy and sober optimism. Their companies generally reported improved earnings in the first two quarters of the year, and they expected the improved financial conditions eventually to trickle down to them in the form of salary increases and approvals to replace older equipment.

Within the companies that were holding their own or had never been severely hurt by the recession, salary increases were modest, most often reported in the 3- to 7-percent range. These increases seem to reflect a cautions attitude among company management and the comparatively small increase in inflation during the past year. From June 1982 to June 1983 (the latest statistics that were available at press time), inflation as measured by the consumer price index rose just 2.6 percent—the lowest 12-month increase since October 1967. Corporate aviation's collective average salary rose just 0.8 percent during the same time, reflecting the lingering salary freezes and cutbacks fostered by the recession. However, that 0.8-percent increase is 0.8-percent more than 1982, when we reported a statistically insignificant *overall* increase in corporate aviation salaries.

Nearly all of the Government's economic indicators have been positive since the first of the year, however, and the economy does indeed seem to be on the mend. The annual rate of growth of the United States' gross national product was 9.2 percent in the second quarter of 1983—a five-year high—and after tax corporate profits (a traditional measure of aircraft sales prospects) were reported to be up 14.7 percent in the same time frame.

At what point and to what degree those improved figures will begin to affect the amount of flying done by the nation's businesses is of some debate. Business aviation is more often than not perceived as an "easy" budget cut. Consequently, flight department funds usually are the first cut and the last restored. At a small number of companies however, just the reverse is true. In those cases, management has decided that the best way to surmount hard times is to beat the bushes on the premise that when the recovery does come, the firm will be in the best possible position to capitalize on the economic up-

BEST COPY AVAILABLE

Figure 1

Comparative Salaries 1982/1983

	1982	1983	% Annual Increase (Decrease)
Heavy Jet (over 30,000 lb)			
Chief Pilot	$61,500	$62,900	2.3
Captain	48,959	45,100	(7.9)
Copilot	31,340	33,400	6.6
Chief of Maintenance	34,615	38,425	11.0
Mechanic	25,710	27,000	5.0
Medium Jet (up to 30,000 lb)			
Chief Pilot	$46,875	$49,160	4.9
Captain	36,400	38,060	4.6
Copilot	27,082	27,929	3.1
Chief of Maintenance	33,955	36,735	8.2
Mechanic	23,694	25,646	8.2
Light Jet (below 12,500 lb)			
Chief Pilot	$38,610	$35,000	(9.3)
Captain	32,600	30,500	(6.4)
Copilot	22,000	22,500	2.3
Chief of Maintenance	31,000	31,000	0.0
Mechanic	21,000	21,500	2.4
Heavy Turboprop			
Chief Pilot	$45,000	$46,000	2.2
Captain	34,010	35,010	2.9
Copilot	28,000	26,000	(7.1)
Mechanic	20,072	21,500	7.1
Light Turboprop			
Chief Pilot	$38,523	$35,867	(6.9)
Captain	30,518	29,417	(3.6)
Copilot	22,775	23,267	2.2
Mechanic	22,000	20,400	(7.3)
Cabin Class Piston Twin			
Pilot	$30,000	$25,500	(15.0)
Other Piston Twin			
Pilot	$26,000	$24,600	(5.4)
Turbine Helicopter			
Pilot	$31,350	$32,658	4.2
Mechanic	29,700	$29,000	(2.4)

Shown here are the median salaries derived from the 1982 and 1983 B/CA Salary Surveys. Overall increase this year was 0.8 percent within the B/CA control group of about 120 flight departments.

turn. One company surveyed was flying a Gulfstream G-III 1,600 hours annually in just such an effort, even though that company was hit hard during the recession and still has not fully regained its former strength.

Indeed, as this was written, Wall Street analysts were expecting the recovery to shift toward energy concerns with less emphasis on the high-tech companies that led the turnaround. When and if this happens, flight department managers at those energy companies may be able to breathe a little easier.

The Survey

The data in our 10th annual salary are based on sample salaries of 671 pilots and mechanics employed with 115 flight departments across the United States. Among this group, benefits were reported as an additional 26.9 percent of the reported salaries. This number, which is consistent with past surveys, indicates that regardless of salary, benefits allotments seem to hover in the mid-20-percent range.

Virtually all of the flight departments surveyed were covered by major-medical and long-term disability benefits, while nearly 80 percent of those questioned were covered by a dental plan.

Company cars were usually provided only to a few chief pilots, and mainly to those whose companies are associated with the automobile industry. Pilots who had cars considered them worth an additional $3,000 to $6,000 per year—a nice bonus.

Loss-of-license insurance is still somewhat rare, with about one third of those surveyed reportedly covered. Many of those companies that do not have loss-of-license coverage said that their firms had

Ten years of producing salary surveys has taught us that once this information gets into the hands of business pilots, it follows a fairly predictable path. When the B/CA issue that contains the salary survey arrives on their doorsteps, pilots scrutinize the numbers to confirm (at least in their own minds) that they are indeed underpaid. The article is then copied and sent to all the appropriate higher-ups who are in a position to rectify such injustices. If only it were really that simple.

Experience has also taught us that pilot and mechanic salaries are highly dependent on several factors not listed in these charts. The process used to determine aviation personnel compensation packages is part formula, part politics and part mysticism. We have been able, however, to nail down some of the more easily measurable criteria, and we have listed them here so that you can perform your own (re)evaluation.

- **Performance**—On-the-job performance, as it is perceived by executives and supervisory personnel, is one of the most subjective of salary evaluation criteria. The amount and quality of work performed by pilots can be measured many ways. In the case of amount, pilots typically fly between 200 and 600 hours per year, depending on the equipment being flown and company duty-hour limitations. Single-pilot operations, because of the higher workload one individual must carry, can be expected to log fewer flight hours. Larger aircraft which are usually equipped with additional flight crewmembers that would lessen the individual burden, tend to be flown more.

The quality of the work (in this case flying) performed annually by the pilot might be gauged by the number of squalls that the chairman has to endure during the year

retraining programs in case pilots were not able to fly for some reason. Under such a program, airmen might be transferred to another division in order to stay with the company and retain their seniority and benefits.

One benefit of particular significance was the salary bonus that was usually provided only for chief pilots but was reported to be department wide at some

BEST COPY AVAILABLE

companies. Usually based on overall company performance, this additional compensation ranged from $1,000 to $17,000, depending on the company. In addition, several managers reported that their companies were more likely to give their pilots bonuses rather than standard raises because such a system would give the company more financial flexibility.

Additional benefits included stock-option plans, conventional long-term profit-sharing plans and savings plans.

Our 10th salary survey prompted us to check our first efforts, so we dug out the September 1973 issue of B/CA and discovered that the average chief pilot of a heavy jet was making $32,000 a decade ago. Taking our current numbers into account and assuming the same annual percentage increases for the next 10 years as we have had for the last decade (a questionable supposition at best), the median salary for a chief pilot of a Gulfstream G-IV (or maybe a G-V?) should be in the area of $140,000 annually by 1993. No comment.

Although situations vary by company, there seems to be little difference between the median salaries of personnel in fleet operations and those in single-air-

Aviation Salaries: A Guide for Executives

or whether or not there is ice available for his martinis.

• **Tenure**—The most significant factor affecting aviation salaries, right or wrong, is the length of time an individual has been with the company.

• **Qualifications**—Academic credentials tend to tell more about the overall abilities of an individual rather than revealing their competency as pilots or mechanics (unless some form of aeronautical degree has been awarded). Experience is what tends to make employes more valuable to a company and makes prospective employes more attractive to potential employers. Recent and similar experience is consistently ranked at the top of the job requirement checklist, and for good reason.

For pilots, aviator skills are gauged in part by the level of ratings held (that is, commercial, multi-engine, ATP, rotorcraft, etc.), the amount of time spent flying (overall) and the number of type ratings currently held. For mechanics, an A&P license is desirable as is a work history (for both pilots and mechanics) that includes time with aircraft similar to the ones that your company flies.

Finally, many executives place a premium on the ability of pilots to handle themselves "correctly" in sometimes difficult situations. In the atmosphere where chairmen and presidents travel, they usually prefer to avoid the bother of inconsistent service and interrupted business days. Those are some of the reasons that they got off the airlines and into their own aircraft in the first place.

• **Company Policy or Tradition**—Many corporations have traditionally paid a particular salary to their aviation personnel, regardless of the industry's norms. In some cases, these numbers are far above average; in other cases, they are far below. Nevertheless, traditional compensation standards at individual companies are tough to change and so must be accommodated.

• **Financial Health of the Company**—If the company is doing well, it only stands to reason that the company's flight department should be compensated for its contribution to the profits.

• **Size of the Company**—Economies of scale come into play here, both in the number of aircraft within the flight department and the size of the parent company. Larger companies generally pay more and offer more comprehensive benefit packages than smaller ones.

• **Geographical Area**—Compensation is based partially on the economic costs of employing individuals in one area vis-a-vis another. For instance, it costs more to employ a person in Boston than it does in Pittsburgh. As such, Boston employes, although paid more than their Pittsburgh peers, often are actually making the same amount (or less) because the cost of living is higher in Beantown.

Sources for comparative cost-of-living numbers are currently available only from the private sector because of changes in the way that the Federal Government keeps such statistics. Two sources that would be happy to supply you with comparative cost-of-living statistics for a price are Runzheimer & Company of Rochester, Wisconsin and the American Chamber of Commerce Researchers Association in Indianapolis.

In addition, industry salaries, as reported in surveys, are available from six sources. We suggest, as we do with all such surveys, that they be used as guides and should not be used in place of management's judgment and insight into particular company situations.

(1) **B/CA**—Our magazine has been surveying the business aviation community for 10 years and reporting on the salaries received through phone conversations with chief pilots, aviation department managers and compensation departments. The results of the 1983 survey appear on the adjoining pages.

(2) **General Mills**—General Mills polls flight departments annually (136 in the last survey) and data (by rank and type of aircraft flown) are published on a regional and national basis. Some information on benefits is also included. Survey results cost $195 for nonparticipants and $85 for participants. Contact Nancy Austin, Compensation Analyst, General Mills Corp., P.O. Box 1113, Minneapolis, Wi. 55440.

(3) **NBAA**—The trade organization periodically polls its member companies, but the results are available only to those member companies. If your company is a member (or would like to be a member), contact the NBAA, One Farragut Square S., Washington, D.C. 20006.

(4) **Professional Pilot**—This magazine polls its readers by postcard and prints the results annually in its April issue. Contact *Professional Pilot*, West Building, Washington National Airport, Washington, D.C. 20001.

(5) **Rotor & Wing International**—This monthly publication's first salary survey of helicopter pilots and mechanics appeared in the August 1983 issue. For more information, contact *Rotor & Wing International*, News Plaza, Box 1790, Peoria, Il. 61656.

(6) **Travellers Insurance**—The Travellers polls about 50 *Fortune* 500 corporations and distributes the collated data to the participants. To become a participant (provided your company's annual income is measured in 10 figures), contact Richard Velloney, Director of Staff Compensation, Travellers Insurance, One Tower Square, Hartford, Ct. 06115.

BEST COPY AVAILABLE

craft operations. Obviously, however, if a pilot is current in half a dozen aircraft, he deserves greater compensation than his less-versatile peers.

As always, the B/CA Salary Survey is meant to be a management aid. When budgeting flight department salaries, keep in mind that the salaries reported in our charts are just that—reported. B/CA's accuracy is considered to be ±5 percent of the median salaries listed.

As in past years, this survey was conducted by telephone. B/CA has a control group of over 100 flight departments that we try to contact each year. We have made no effort to qualify any of those flight departments contacted as being representative of industry pay scales or fringe benefits. Originally, these flight departments were selected randomly by geographical area and type of equipment operated. To ensure confidentiality, the names of responding companies are separated from the responses. We believe that a telephone survey of aviation managers, chief pilots and compensation departments affords greater accuracy and eliminates many ambiguities.

Figure 2

National Summary of Salaries

Turbojet Turbofan		G-II/III	JetStar	Falcon	Sabre	HS 125	Westwind	Learjet	Citation
Chief Pilot	High	$80,000	$63,000	$62,500	$70,000	$68,000	$52,000	$65,000	$53,600
	Median	67,000	58,800	48,000	57,300	46,500	48,000	46,000	35,000
	Low	49,000	35,000	41,600	40,000	30,000	42,200	35,500	30,000
Captain	High	$67,300	$52,500	$58,000	$54,600	$47,400	$45,500	$50,000	$37,200
	Median	49,100	41,100	41,500	35,700	39,600	37,000	36,500	30,500
	Low	37,140	25,000	33,000	26,400	31,000	31,000	27,500	22,000
Copilot	High	$45,960	$34,000	$40,547	$37,800	$35,000	$33,000	$42,000	$34,000
	Median	36,300	30,500	29,704	29,100	25,340	27,500	28,000	22,500
	Low	28,700	25,200	27,000	24,000	18,000	26,500	17,000	19,000
Chief of Maintenance	High	$53,500	$44,000	$41,000	$47,700	$47,100	$41,800	$40,000	$33,750
	Median	43,000	33,850	35,693	38,800	39,250	36,750	33,184	31,000
	Low	29,340	31,500	27,667	32,108	30,000	26,000	22,000	24,000
Mechanic	High	$38,000	$29,870	$35,500	$35,200	$29,100	$29,800	$33,000	$29,200
	Median	29,000	25,000	28,900	26,200	24,100	25,028	24,000	21,500
	Low	20,000	21,000	19,000	17,400	16,500	19,000	20,000	18,000

Turboprop		G-I	King Air	MU-2	Cheyenne
Chief Pilot	High	$53,250	$46,950	$43,000	$41,250
	Median	46,000	40,000	34,000	33,600
	Low	43,500	28,750	26,000	27,000
Captain	High	$41,040	$38,000	$35,100	$37,000
	Median	35,010	29,250	29,000	30,000
	Low	34,000	25,000	22,500	19,000
Copilot	High	$32,871	$35,000	$27,000	$30,000
	Median	26,000	24,900	22,000	22,900
	Low	24,250	20,000	17,000	18,000
Mechanic	High	$27,800	$27,066		
	Median	21,500	20,400	*	*
	Low	18,200	18,486		

Other Fixed Wing		Cabin Class Piston Twin	Other Piston Twin
Pilot	High	$25,700	$34,199
	Median	25,530	24,800
	Low	18,000	17,000

Turbine Helicopter		S-76	222	109A	Gazelle	206	500D
Pilot	High	$46,400	$42,500	$38,000	$36,500	$63,000	$30,500
	Median	37,900	33,150	32,000	29,000	35,000	28,900
	Low	25,000	26,000	30,000	25,500	28,000	24,000
Mechanic (All Models)	High	$41,100					
	Median	29,000					
	Low	20,400					

*Mitsubishi MU-2 and Piper Cheyenne maintenance was reported primarily on a contract basis.

BEST COPY AVAILABLE